

**Testimony of Derek S. Broes**  
**Before The**  
**House Government Reform Committee**

**Overexposed:**  
**The Threats to Privacy and Security on File Sharing Networks**

May 15, 2003

Chairman Davis, Representative Waxman, members of the committee:

I am Derek Broes, Executive Vice President of Worldwide Operations of Brilliant Digital Entertainment and its subsidiary Altnet. Altnet offers the largest secure commercial platform for the distribution of digital content over peer to peer software based networks. Under an exclusive agreement with Sharman Networks Ltd., publishers of the Kazaa Media Desktop peer to peer application, Altnet reaches an estimated 75 million worldwide unique users every month (about twice the reach of America Online). With this reach, Altnet has become the largest distributor of rights managed content over the Internet today. Altnet takes the issues before this committee very seriously, and, as you will hear in my testimony today, Altnet is leveraging its role as a market leader by spearheading efforts to make security and privacy over file sharing networks a top priority.

There is something very exciting about technology that allows tens of millions of people across the globe to simultaneously connect to each other. It is a true digital democracy. But as with any democracy, there are challenges that must be overcome and moral and ethical standards to be established. And as with any technology that reaches millions of people, there is a responsibility that every company must assume when creating Instant Messenger, e-mail, Peer to Peer, Online Interactive Games, Chat Rooms, or any technology designed to share digital words or files with anyone, anytime and instantly.

My past experience in the entertainment industry combined with my experience in Internet and peer to peer security technologies gives me a uniquely broad perspective on the issues before the Committee today.

As the former CEO of Vidiuz, Inc., I built an Internet security company that creates products to monitor corporate networks for security risks associated with file sharing applications that are run on company computers. In most cases, we found the risks to be solvable with simple company policy changes and minor network alterations. In addition to addressing corporate security risks, much of Vidiuz' work was dedicated to an in depth technical analysis of Peer to Peer networks for such clients as the Motion Picture Association

(MPAA), and the Recording Industry Association of America (RIAA) from an anti-piracy point of view.

I firmly believe that it is the responsibility of peer-to-peer file sharing companies to proactively protect the privacy and security of users of their software applications.

While there are some unique challenges to making file sharing applications more secure (which I will outline), it is important that we demystify these technologies and realize that the many protective security and privacy technologies are already widely available. By simply adopting standards commonly used on the World Wide Web such as Secure Socket Layer (SSL), the Public Key Infrastructure (PKI), and Authentication Agents, file sharing becomes much more secure. In addition to these, distributors of peer to peer applications should adopt standard user privacy policies, and take care to educate users as to how their applications work, and how to be a safe and responsible user of the application.

Beyond adopting industry standard security practices and policies, distributors of file sharing applications must also address security challenges common to peer to peer and similar infrastructures. A publicized threat with file sharing technology, as well with e-mail and instant messenger technologies, is the spread of viruses. As you would expect, when files often come from anonymous and uncertified sources, the risk of that file containing a virus greatly increases. In addition, many file sharing applications provide a tool to allow users to search their hard drives for files to share. If used incorrectly, users could inadvertently give access to their confidential files and folders.

Allow me to review how Altnet meets these challenges from within the Kazaa Media Desktop peer to peer application and how Sharman Networks, The owner and operator of Kazaa have reacted to various privacy and security issues over the past 18 months.

Altnet's patented technology called "TrueNames" ensures that only certified and authenticated files can be transferred by the Peer Enabler component of the Altnet application. This eliminates the risk of viruses when users download files from file sharing networks that utilize this technology, such as the Kazaa Media Desktop.

Sharman Networks has taken great care to protect users' privacy and security. As distributors of the most popular peer-to-peer application today, Sharman Networks has consistently lead the field with security enhancements developed explicitly for the challenges of this new industry, including peer to peer's first built-in anti-virus tool. Kazaa Media Desktop contains two layers of proprietary virus protection technology. In addition, Bullguard, a well-known anti-virus software, is installed free with the Kazaa Media Desktop application, providing users with an additional layer of

protection. Sharman has shown great commitment to ensure that any new malicious viruses that 'freeze', 'silence' or otherwise compromise a users PC and its information are detected by this software.

Altnet and Sharman Networks take every opportunity to encourage responsible and safe peer-to-peer usage through user education and via the default configuration of the software. The nature of decentralized peer-to-peer technology means that users are in control of the material they choose to share with others. Our goal is to provide them with the education and tools they need for safe and responsible use.

Commercialization of the World Wide Web lead to the creation and adoption of advanced security, privacy policies and protection technologies, and the evolution of file sharing networks will follow the same path.

Beyond implementing these practices and policies, networks with global reach have an even larger responsibility. I'm proud to announce that Altnet and Sharman Networks are working together to implement features to address broader issues of public interest and benefit. With the largest assembled online audience on the planet, the power to make a difference by displaying pictures of missing children, publishing the pictures of the world's most wanted criminals, and issuing Amber Alerts instantly across the network are but a few examples of the initiatives we seek to undertake.

The future technological benefits of peer to peer technology are only now being explored and include the voluntary creation of shared resource networks that will allow massive distributed computing and storage of a scale only dreamed about by the pioneering medical research and astronomy projects that have received publicity to date. These types of applications will give research labs the ability to share processing power with hundreds of thousands of computers and digitally crunch billions of numbers in a nanosecond. The technological benefits of such a program are undisputed. From medical research to rendering Toy Story part 3, Altnet intends to lead the market by presenting an opt-in resource sharing program to users that will be defined by the highest principals of disclosure and consent.

If file sharing software companies understand and meet their responsibilities, and content companies support these positive and important initiatives, then companies such as Altnet will have the ability to find an audience, reduce piracy, offer vastly improved efficiencies in digital distribution, create instantly accessible global content sales and marketing channels, provide a variety of public services, distribute a movie, market a recording artist, and sell a game, all while turning a profit and protecting user privacy from within a secure environment. We welcome input from our peers and from this Committee to insure that we continue to meet the responsibilities we have assumed.

Thank you, Mr. Chairman, for the opportunity to have participated in this most important hearing.

Sincerely,

Derek S. Broes  
Executive Vice President of Worldwide Operations  
Brilliant Digital Entertainment